

GOVERNOR'S RURAL JOBS COUNCIL



INTERIM REPORT TO THE GOVERNOR

April 4, 2013

<http://www.governor.virginia.gov/RuralJobsCouncil/>

April 4, 2013

Dear Governor McDonnell,

I am pleased to submit the interim report of the Governor's Rural Jobs Council. Over the past three years we have worked hard to create jobs in Virginia. We have experienced tremendous success, closing 1,114 economic development deals, creating 147,000 net new jobs, and reducing our state's unemployment rate to 5.6%, which is well below regional and national averages.

A great deal of our focus has been on job creation in rural parts of our state - regions that need a little extra help as our economy starts to recover from the recession of 2007. While we have made a lot of progress in advancing economic development activity in rural parts of our state, there is a lot of important work left to do. That's why you created the Governor's Rural Job's Council.

The Council has been primarily focused on identifying opportunities for job creation in rural Virginia; recommending strategies to improve K-12 education and the workforce pipeline; developing a comprehensive economic and infrastructure plan for rural Virginia; and making recommendations to improve the tax and regulatory environment in the Commonwealth.

I want to thank the members of the Council who have taken time away from other pressing responsibilities to do this important work. They include legislators and leaders in business, manufacturing, agriculture and healthcare. I believe they have put forth valuable ideas that will result in innovative policy recommendations for inclusion in the Council's final report in June.

I also want to thank you for your leadership in establishing the Council and providing us with an additional forum to discuss these important issues. Positive and demonstrable results in economic development and job creation have been one of the major accomplishments of the McDonnell/Bolling administration, and our Commonwealth is stronger today because of these successes.

Sincerely,



LIEUTENANT GOVERNOR BILL BOLLING

Members of the Governor's Rural Jobs Council

- Chair:** Lieutenant Governor Bill Bolling
- Vice Chairs:** Secretary Jim Cheng, Designee – Deputy Secretary Mary Rae Carter
Secretary Todd Haymore, Designee – Deputy Secretary Travis Hill
- Members:** Shannon Blevins, Director of Economic Development, UVA at Wise, Wise County
David Brash, Senior Vice President of Business Development and Rural Strategy, Wellmont Health System, Lebanon
Delegate Kathy Byron, Lynchburg
Elizabeth Crowther, President, Rappahannock Community College, Saluda
Jeff Edwards, CEO, Southside Electric Cooperative, Crewe
Katie Frazier, President, Virginia Agribusiness Council, Richmond
Timothy Heydon, CEO, Shenandoah Growers, Harrisonburg
Rebecca Hough, Co-Founder and CEO, Evatran, Wytheville
Thomas Hudson, President, Virginia Coal Association, Richmond
Delegate Danny Marshall, Danville
Ned Massee, Chairman, Virginia Chamber of Commerce, Richmond
Delegate Don Merricks, Pittsylvania County
Phil Miskovic, Councilman, Crewe
Martha Moore, Vice President for Government Affairs, Virginia Farm Bureau Federation, Richmond
Delegate Israel O'Quinn, Abingdon
Bill Parr, Parr Properties, Cape Charles
Senator Phil Puckett, Tazewell
Delegate Margaret Ransone, Kinsale
Nicole Riley, State Director, National Federation of Independent Business, Richmond
Michael Robinson, Superintendent, Smyth County Public Schools, Smyth County
Senator Frank Ruff, Clarksville
Nettie Simon-Owens, Director of Workforce Services, Southern Virginia Higher Education Center, South Boston
Brett Vassey, President and CEO, Virginia Manufacturers Association, Richmond
Senator William Wampler, Executive Director, New College Institute, Martinsville
Delegate Onzlee Ware, Roanoke

Governor's Rural Jobs Council Interim Report Executive Summary

Governor McDonnell issued Executive Order 57 on January 2, 2013, establishing the Rural Jobs Council. He named Lieutenant Governor Bolling, Virginia's Chief Jobs Creation Officer, as Chair of the Council. Secretary of Commerce and Trade Jim Cheng and Secretary of Agriculture and Forestry Todd Haymore were named as Co-Vice Chairs for the group.

The Council's purpose is to ensure a continued focus on rural Virginia. Since the beginning of the term, the administration has been committed to jobs and economic development and rural development has been a key part of those efforts. This Council will help by continuing to look for ways to improve the business environment and quality of life and leave a legacy of dedication to rural Virginia that will benefit the Commonwealth for years to come.

The membership of the Council consists of legislators and leaders in the business, manufacturing, agriculture, and healthcare industries. The group plans to make recommendations to address the challenges to economic growth in rural Virginia. Since the Council began its work several months ago, members, staff and expert agency staff have worked diligently to identify key initial recommendations that will be achievable in scope.

The Council's progress and activities are detailed in each individual subcommittee report. Several themes have been emphasized across the subcommittees as crucial to promoting job creation and recovery in rural Virginia. They include, but are not limited to, the following:

- Increasing access to and improving existing business development resources
- Fostering and incentivizing the entrepreneurial spirit in Virginia's youth
- Providing localities with the tools to better attract entrepreneurs and small business owners.
- Improving the work, industry, and college readiness of middle and high school students; and
- Expanding the enrollment of middle and high school students in industry aligned, rigorous STEM-H programs and courses, including career and technical education.
- Proposing real estate enabling legislation and the need to build collaborative communities.
- Encouraging private sector involvement and funding strategies for future infrastructure related projects.

Entrepreneurship Subcommittee Interim Report

Subcommittee Activity:

The Entrepreneurship Subcommittee of the Governor's Rural Jobs Council met on March 13, 2013 in Harrisonburg, Virginia. All members of the Subcommittee were present.

The Subcommittee began by reviewing a presentation on the Virginia Tourism Corporation's (VTC) LOVE campaign and tourism marketing efforts. Sandra Tanner from VTC presented an overview of their strategy to help improve tourism marketing in the Commonwealth, especially in the rural regions of Virginia. In her presentation, Ms. Tanner focused on ways in which businesses in Virginia work together to promote their products and looked at specific economic regions of Virginia and discussed ways to help them develop economic projects.

Following this presentation, the Subcommittee reviewed a presentation on the Entrepreneurial Blueprint for Southwest Virginia. Shannon Blevins, Economic Development Director at UVA-Wise, discussed the formation of the Entrepreneurial Blueprint to promote entrepreneurship in the Southwest region. The Blueprint strives to increase awareness of pre-existing resources, identify resource gaps, and address inadequate resources. The Blueprint seeks to encourage entrepreneurship as a viable career option, primarily by encouraging students from elementary school to college to take career risks and pursue their dreams. The Blueprint also attempts to promote networking opportunities for entrepreneurs, which provides the ability to learn from each other's successes, while fostering an environment of collaboration among businesses.

The Subcommittee then discussed a number of key initiatives and topics pertaining to entrepreneurship. The focus centered on the improvement of business service programs such as the Department of Business Assistance (DBA), greater exposure and connectivity of business websites such as the Business One Stop (BOS), and strategies to improve the formatting of business aid websites so that they are more interactive. Finally, they discussed setting up a series of rural opportunity summits statewide to help recruit businesses.

There were no public comments made during the Entrepreneurship Subcommittee Meeting.

Goals & Objectives:

Governor McDonnell declared 2012 the "Year of the Entrepreneur" in Virginia. The Commonwealth has a community of entrepreneurial individuals who, in spite of the risks of failure, put their energy and savings into creating opportunities for themselves and others. As part of this initiative, the "Year of the Entrepreneur" was designed to provide the framework for policy development that could encourage and expand upon that healthy entrepreneurial foundation.

Virginia has a vibrant selection of small businesses and high-growth startups that play an integral role in its economy and generate a strong majority of all new jobs created in the Commonwealth. Even before the economy weakened several years ago, the United States Small Business Administration (SBA) demonstrated that the most entrepreneurial regions in the country showed

125 percent more employment growth, 58 percent more wage growth, and 109 percent higher productivity than the least entrepreneurial regions.

Rural Virginia has incredible potential for economic growth utilizing many of the resources that are already in place at the state and local levels. This Subcommittee endeavors to generate recommendations that allow entrepreneurs—either operating in Virginia or considering this state as a possible location for their business—to tap into these resources and stimulate the Commonwealth’s rural economies.

Initial Ideas and Recommendations:

The current recommendations and initial ideas of the Entrepreneurship Subcommittee can best be divided into three sections: increasing access to and improving existing business development resources, fostering and incentivizing the entrepreneurial spirit in Virginia’s youth, and providing localities with the tools to better attract entrepreneurs and small business owners.

Promoting Existing Resources

1. The Subcommittee recommends implementing a business liaison training program similar to the annual seminars formerly hosted by the Department of Business Assistance (DBA). Although they are no longer running, these sessions on business incentives highlighted successful projects across the state. Participants in DBA’s annual conferences were provided the opportunity to learn about new and unique incentives as well as discuss methods that some localities have implemented to complete successful projects. The audience of the new training program should consist of regional and local economic development directors, chamber of commerce directors and chairs, tourism directors, small business assistance directors, town councils, and other appropriate representatives. Given the newly approved merger between the DBA and the Department of Minority Enterprise (DMBE), this training program could draw upon resources that already exist within these agencies to develop appropriate material. The Virginia Economic Development Partnership (VEDP) and the Virginia Economic Developers Association (VEDA) have partnered to host “Third Wednesday Webinars,” which have been well-attended each month. Given budgetary constraints, the Subcommittee recommends utilizing the webinar approach.
2. The Subcommittee recommends building upon the integration of commonwealth systems. Compared to traditional, business recruitment-focused economic development, the organizations, programs and resources focusing on entrepreneurship, community development and asset-based development are relatively dispersed, disorganized and weak. Specifically, though Virginia has a wide range of resources available for entrepreneurs and small business owners, these resources are housed in a variety of state agencies and are not effectively connected. The Subcommittee recommends educating each state agency on the importance of entrepreneurship for the Commonwealth and the creation of incentives to connect entrepreneurs and small businesses to the appropriate support agencies.

3. The Subcommittee recommends that the “Blueprint for Entrepreneurial Growth and Prosperity in Southwest Virginia” be used as a model for encouraging entrepreneurial growth in rural areas across the Commonwealth. Virginia is fortunate to have already had such a model effort designed and refined in one part of the State. The lessons learned from this project will prove valuable to all future efforts promoting entrepreneurship in rural communities.
4. The Subcommittee recommends updating the web-based system for filing the Articles of Incorporation in Virginia through the State Corporation Commission. Though the Subcommittee realizes this action is not directly within the Governor’s purview and that the SCC has already initiated the process of upgrading their system through Board of Supervisors legislation, it recommends the Governor propose and support legislation requiring such a change. The system is outdated and complex, and can be streamlined to further improve the ease with which Virginians can start their business.
5. The Subcommittee recommends working with the Virginia Tourism Corporation (VTC) to develop a “Virginia is for Innovation Lovers” branding campaign to highlight the entrepreneurial spirit that already exists in Virginia. The Subcommittee acknowledges that budget language has been included in the most recent budget for this program. This campaign will not only attract new entrepreneurs to consider all of Virginia as a possible home for their prospective business, but it could also offer rural localities the chance to showcase the unique policies they have implemented to encourage start-up business growth and integration.

Encouraging Future Entrepreneurs

1. The Subcommittee recommends strengthening existing businesses through a mentor/apprentice program by expanding the “high school to work partnership” program. This program, offered through high schools and institutions of higher education (IHE’s), would provide additional labor to the employer as well as valuable industry experience to the student. The Subcommittee also recommends the creation of another “do-it-yourself” package for high schools explaining how to market the program, approach businesses, and give educational credit to students to make enrollment in the program easier and more attractive for prospective apprentices.
2. The Subcommittee recommends creating an Entrepreneurship Apprenticeship Program targeted at retiring entrepreneurs who do not have a plan for the longevity of their business. The program would partner business-owners with a recent college graduate or other prospective entrepreneur for the purpose of mentoring, training, and eventually, handing over control of the business in exchange for an agreed-upon percentage of future business profits.
3. The Subcommittee recommends working with the Department of Education (DOE) to explore ways in which entrepreneurship can be further incorporated into middle and high school curricula. Introducing Virginia’s youth to the opportunities provided by entrepreneurship will encourage graduating students to pursue innovative efforts in the

Commonwealth. The Subcommittee recommends the DOE consider the inclusion of entrepreneurship into the Standards of Learning (SOLs). As an alternative, however, the Subcommittee recommends encouraging middle and high schools to sponsor their own “Entrepreneur Clubs.” These clubs can work closely with Small Business Development Centers (SBDC) and the Department of Business Assistance (DBA) to receive access to the resources and training already available to Virginia’s entrepreneurs.

4. The Subcommittee recommends launching a “Crash & Burn” webinar series that would be promoted to high school and college students. Speakers at each webinar can talk about what they learned when their businesses failed and the common pitfalls that entrepreneurs and start-ups must navigate. This series would help to reduce the apprehension many of Virginia’s rural citizens have for starting their own business while also mitigating the stigma that comes from a failed business start.
5. The Subcommittee recommends providing the Institutions of Higher Education (IHE) a do-it-yourself summit package, allowing them to promote entrepreneurship at a large-scale level. These summits serve promotional purposes for the universities, which will operate as the regional hubs for such events.
6. The Subcommittee recommends expanding Southwest Virginia’s “STAY Southwest” concept. Current trends show a greater movement away from rural and suburban neighborhoods towards cities and urban areas. Encouraging young professionals—whether in high school or enrolled in a 2 or 4-year college program—to stay in the rural areas after graduation brings an educated, motivated workforce to the area.
7. The Subcommittee recommends the selection of a site in rural Virginia for the location of the future Governor’s School for Entrepreneurship. Though recent decades have brought a dramatic increase in the expansion of activity relating to entrepreneurship education, the Governor’s School in Virginia does not have a program in its curriculum. Pennsylvania, South Carolina, and Kentucky have lead the way with programs that expose young students to topics that directly relate to entrepreneurial interests; graduates of these programs are significantly more likely to start their own businesses.

Providing Tools to Localities

1. The Subcommittee recommends partnering with the Virginia Association of Counties (VACO) or the Sorensen Institute for Political Leadership to promote a series of workshops highlighting case studies of what can happen with a town, city, or county creates a business friendly climate that attracts and supports an entrepreneurial venture. These workshops would encourage government officials to appeal to entrepreneurs with their policies.
2. The Subcommittee recommends creating a "Rural Economic Development toolkit" for local leaders which might be better tailored to areas with limited human resources and less experienced elected local officials. Small town elected officials frequently have not had substantial exposure to successful economic development initiatives, and may know little

about the resources available at state level. Often times in an effort to preserve longstanding local traditions and culture, rural communities fight against institutional changes resulting in economic disadvantage and damaging the Commonwealth. The toolkit should acknowledge this tendency and provide differentiated resources for rural areas that require specific and targeted approaches to achieve desirable economic results.

3. The Subcommittee recommends encouraging local chambers to partner with corporate sponsors to create a branded contest that rewards hospitality and service-industry businesses for their employee training. Businesses that pass a “mystery shopper” test will receive the award, which can be displayed in advertisements and in the storefront as the business chooses. This brand and logo will identify well-staffed and knowledgeable employees for the purpose of encouraging both locals and tourists to interact with the business. The award will serve as an incentive for employers to establish appropriate training programs for their employees’ benefit.
4. The Subcommittee recommends exploring programs that help smaller, rural cities and towns in Virginia to provide public internet to all of its citizens. Access to the internet has become an invaluable tool to the modern entrepreneur and small business owner. Providing this service free of charge is attractive not only because it saves on start-up costs for new businesses, but because it ensures that local customers will have a way to access information about businesses in their area. This allows for creative marketing strategies that will help drive demand for local products and services.

Next Steps:

The Subcommittee will review and analyze each of the aforementioned recommendations to determine their appropriateness at addressing the goals and objectives of both the Subcommittee and the full Rural Jobs Council. When expert input is required, the Subcommittee will draw input from stakeholders and individuals who are experienced with developing programs to encourage small business growth and are familiar with implementing those programs in rural areas of Virginia.

The Subcommittee will continue to assess key areas of concern and evaluate policy changes that can effectively encourage entrepreneurial activity in Virginia’s rural areas.

Infrastructure Subcommittee Interim Report

Subcommittee Activity:

The Infrastructure Subcommittee of the Governor's Rural Jobs Council held its first meeting on February 13th in the Patrick Henry Building in Richmond, Virginia. Dr. Elizabeth Crowther, Subcommittee Chair, welcomed the committee members and the group began an initial discussion of rural infrastructure issues. The discussion at this meeting produced issues/items that were included in a SWOT Analysis that would be considered at the next Infrastructure Subcommittee meeting.

The second Infrastructure Subcommittee meeting was convened on Thursday, March 14, in the East Reading Room, Patrick Henry Building at 7:30 a.m. This meeting was used primarily to generate discussion and develop ideas related to infrastructure issues impacting rural communities.

The subcommittee received a presentation outlining several of the significant issues confronting rural Virginia. Liz Povar, from the Virginia Economic Development Partnership, presented on regionalism, leadership development/capacity building, prepared real estate product, transportation, and health care. Bill Shelton, from the Department of Housing and Community Development, presented on water/wastewater issues and broadband. Travis Hill, Deputy Secretary of Agriculture and Forestry, presented on land use planning and agriculture.

The subcommittee members discussed the key issues pertaining to infrastructure in rural Virginia. The members listed eight key issues: Broadband, Transportation, Regionalism, Healthcare, Site Identification, Education, Water/Wastewater, and Ready Prepared Sites. Each key issue is outlined below related to the specific problem areas. The members began to discuss policy recommendations for each issue beginning with incentivizing regionalism. They proposed real estate enabling legislation and the need to build collaborative communities. They also discussed the need for private sector involvement and funding strategies for future projects.

Following the presentation, the subcommittee members engaged in discussions to identify the key issues and strategies to address them. The full minutes and presentations from this meeting are available on-line at: www.governor.virginia.gov/RuralJobsCouncil/docs.

Goals & Objectives:

The Council shall have the following responsibilities:

1. Identify impediments to and opportunities for job creation in Rural Virginia
2. Recommend strategies to improve the K-12 education and the workforce pipeline
3. Produce a comprehensive and meaningful Economic and Infrastructure Policy for Rural Virginia.
4. Make recommendations to improve the tax and regulatory environment in the Commonwealth to maintain and increase the Commonwealth's standing as the best place

to do business in the United States of America.

Infrastructure Subcommittee Goal: To develop a comprehensive set of infrastructure recommendations to promote the economic vitality of rural communities.

Initial Ideas and Recommendations:

Recommendation #1: Promote Regionalism and Capacity Building

The first key recommendation from the Infrastructure Subcommittee is to promote regional collaborations and capacity building efforts in rural communities. This strategy encourages and facilitates local government cooperation in addressing, on a regional basis, problems of greater than local significance. Cooperative efforts are intended to assist local governments in meeting their own problems by enhancing their ability to recognize and analyze regional opportunities and take account of regional influences in planning and implementing their public policies and services.

Virginia is home to sixteen (16) regional economic development marketing organizations. These cover about 85% of the Commonwealth, and are self-identified communities of interest that primarily are charged with marketing their regions for new economic development investment. Economic research shows that in areas around the country where localities work together cooperatively, economic competitiveness is enhanced. Quality of life indicators such as income disparity between localities, area median income, and job creation are more positive in areas that interact on a regional level. Regional, community-based strategies that capitalize upon the unique assets of communities offer stronger opportunities for success and long-term sustainability. Collaborative efforts represent the best opportunity for economic growth and prosperity.

Coupled with the need to work collaboratively on a regional level is the need to adequately develop the capacity of local community leaders. Community capacity underpins and spurs economic development. Sustainable community and economic development does not come from the outside in, but rather, from the assets and leadership from within the community. Capable leadership is a key factor in a community's sustainable growth and economic development. Thus, it is imperative for communities to develop leaders with the capacity and commitment to help their communities survive and thrive.

A. Critical Items

1. Identifying the common aspect of regional interest and building the stakeholder relationships are critical to the foundation.
2. The geographies of rural communities can be barriers to communication that is necessary to develop the stakeholder relationships.
3. Regionalism that produces results takes leadership, trust, time and treasure.

4. Depending on the issue, the geography of a regional approach may vary (i.e. transportation district may have different localities than the community college district than the economic development marketing organization district).

B. Key Strategies for Regional Economic Development

1. Virginia should provide strong incentives and support for regional collaborations.

- 1.1. State should strategically prioritize the investment of resources—both financial and technical assistance—to those communities with the energy and desire to engage in regional collaborations.
- 1.2. State should continue to build on and increase funding for the Building Collaborative Communities program to promote strong and dynamic regional economic development organizations.
- 1.3. The Commonwealth’s efforts should focus on creating feasible regional collaborations where none currently exists and supporting existing regional networks.
- 1.4. Conduct “red carpet” tours of exemplary regional collaborations across the state to highlight the benefits of regionalism. Such tours could include regional programs such as the: Blue Ridge Crossroads Economic Development Authority (BRCEDA), Fields of Gold, Smyth/Washington Regional Industrial Facilities Authority, Southwest Virginia Cultural Heritage Foundation (SWVCHF), and Commonwealth Center for Advanced Manufacturing (CCAM).

2. Support leadership and capacity building strategies that help communities implement innovative and creative responses to “community-defined” needs.

- 2.1. Initiatives should be a part of a broader, more comprehensive regional approach for capacity building, allowing for a greater regional impact by developing the leadership and tools necessary to strengthen distressed communities.
- 2.2. State should coordinate efforts to establish an inter-agency Collaboration Resource Team. This team would work directly with localities to build regional capacity and help achieve community-defined objectives.
- 2.3. Strategies should seek to create an environment where elected officials, community leaders, citizens, and other stakeholders work together to implement strategies that will serve to boost the entire region.

- 2.4. Targeted activities should provide a variety of activities including workshops, trainings, and onsite guidance to ensure that key community groups are afforded the organizational development necessary to grow and sustain those entities.

Recommendation #2: Promote Access to Affordable Broadband Services

The Commonwealth of Virginia has been committed to expanding rural access to broadband technology and has recognized that a critical component of economic development is closing the gap in the availability of affordable broadband telecommunication services. Currently, many rural communities are not afforded access to broadband telecommunications and hence deprived of their ability to participate in enhanced social, education, occupation, healthcare, and economic development opportunities. It is critical that all Virginia communities have equal and affordable access to broadband telecommunications. State efforts should focus on working with communities to assess the telecommunications gap and undertake planning efforts to develop solutions to this issue. Where appropriate, these initiatives should engage in the implementation and deployment of community telecommunications networks, however, funding resources are extremely limited and additional funds are necessary to address the extent of need.

The decline in traditional economic sectors as well as increased international competition has left many rural regions of the state behind economically. The region's ability to adequately respond would be enhanced with the development of a community strategy and resources. Lack of broadband access, particularly in isolated rural areas has a crippling impact on citizens' access to education, health care and participation in the global economy. This form of infrastructure has become a basic need in the 21st century. Virginians living in remote areas need this infrastructure in order to experience the same quality of life widely available in more populated areas.

In 2006, the Commonwealth established the Office of Tele-work Promotion and Broadband Assistance (www.wired.virginia.gov) to: (a) promote the use of tele-work alternatives for public and private employees; and (b) specifically work towards establishing affordable, accessible broadband services to underserved areas of the Commonwealth. Additionally, this office produces interactive maps that display information on telecommunications and broadband coverage across Virginia. These maps can be found at <http://mapping.vita.virginia.gov/broadband>.

A. Critical Items

1. Access to affordable broadband telecommunications is a key rural economic development strategy.
2. Broadband is an essential tool— similar to roads, water, sewer, and other critical infrastructures.

3. Broadband spurs job creation and retention as many existing businesses are at a competitive disadvantage without broadband.
4. Significant spectrum of new economy businesses depend on robust access to broadband.
5. Broadband promotes vibrant, healthy communities, good quality of life and improved health care, education, public safety, agriculture, home-based businesses, and telework opportunities.
6. In many rural areas, “last-mile” technology represents a challenge because the cost of providing high-speed, high-bandwidth services to individual subscribers in remote areas can be higher.
7. Laying wire and fiber optic cables in rural areas can be relatively expensive and can be environmentally demanding and require high maintenance.

B. Key Strategies to Promote Access to Rural Broadband Services

1. Virginia should invest in Rural Broadband Planning Initiatives.

1.1. The Commonwealth should provide funding for the planning of community broadband initiatives in un-served areas. These planning initiatives should include efforts to assess community needs, aggregate demand, identify local assets for leveraging, map existing telecomm infrastructure, and develop plans to deliver broadband services. Strategies should:

- a). Emphasize collaboration and partnership to achieve scale and economic viability.
- b). Be integrated into the broader community and economic development strategy; and
- c). Focus on a community driven process that builds awareness and support for ultimate approach selected.
- d) Bandwidth and speed should match area needs including capacity for growth and development (i.e. business, healthcare, residential).

2. Virginia should support deployment of broadband services in rural communities.

- 2.1. Virginia should provide support and funding for the development of community-led broadband deployment initiatives in un-served areas.
- 2.2. Virginia should identify feasible “last-mile” technologies to deliver telecommunications from the broadband backbone to homes and business in rural communities.
- 2.3. Virginia should provide grant writing assistance to communities and entities making application to federal broadband grant and loan programs. The Commonwealth should also, where appropriate, advocate for broadband-related funding through federal programs.

Recommendation #3: Support development of aligned real estate strategies and investment in site and building development and preparation.

The real estate strategy for rural communities should be a component of the broader economic development strategy, and should reflect a variety of options that support the types of business growth the locality wishes to attract or grow. Prepared and publicly-controlled industrial, business, and company formation real estate levels the playing field for rural localities by shortening timeframes for business expansion and growth. In more urban areas, the private sector fulfills the role of real estate developer, because their return on investment is stronger. In rural communities, speculative real estate development is generally not led by the private sector, and thus becomes a policy decision for local leadership as to whether they control their real estate strategy at all, and if they choose to do so, determining the type and focus of that investment must be made strategically.

By identifying real estate that supports the location criteria of businesses in sectors appropriate for the locality, and further by controlling that real estate, the locality gains visibility in the marketplace, improves its competitive positioning, ensures direct negotiating power, maintains strategic alignment with community vision, reduces a company’s risk, increases the number of prospect visits, and ultimately increases the number of decisions by companies to grow and invest in the community.

In addition to traditional industrial site development, communities today should consider compact, diverse, and walkable development which can also increase property values and property tax revenues, encourage job creation, reduce housing and transportation costs, and create amenities and places that improve residents’ quality of life. Real estate developers and investors, businesses, and local governments can use real estate development as a strategy to maximize their economic advantages while improving the quality of life and creating attractive, healthy communities that help protect the environment. In addition, adaptive reuse is very desired by many types of businesses, and has the added value of potentially turning a blighted property into a higher value product that once again produces tax revenue for the locality.

A good industrial, business or incubator site is a key component of the overall product economic developers are selling. When selecting, developing and marketing the real estate, it is important

to keep in mind what clients are going to expect. Some factors cannot be influenced to meet a client's needs, such as access to air facilities, rail, or interstates. Other factors can be influenced by the locality:

- Complete the due diligence on the property, including environmental, geotechnical, cultural and historical studies
- Selecting property that has a relatively easy-to-develop footprint
- Selecting property that has surrounding land uses compatible with intended uses, and relatively level topography
- Having ownership or control of the property
- Providing access to utilities capable of supporting the client's needs.
 - In particular, a client will want water and wastewater access in place, or at a minimum, an estimated cost and timeline to extend utilities to the site.
 - Service businesses or emerging companies will want high-speed broadband access

All properties are not created equally, and not every property is suitable for use. Developing properties with much planning, forethought and collaboration with experts and economic development leaders provides for the creation of real estate product that will offer a community a competitive edge.

A. Critical Items for Real Estate Development

1. Cost of investment: The investment to identify, control, and fully infrastructure sites and buildings can be significant, and the limited economic base and limited fiscal capacity of rural localities can be a barrier to development.
2. Competitive assessment: Development of property that is similar to that of a neighboring community in the labor market area may lead to oversupply that takes longer to produce results. Evaluation of the competitive real estate product in the region is necessary early on in the planning.
3. Regulatory barriers: Development of real estate, whether greenfield or brownfield, adaptive reuse or new construction, can uncover unexpected environmental issues, and/or run into barriers at the federal level, that add cost and time to site development and in some cases, prohibit such development.
4. Alignment: the real estate strategy must align with the other location factors that will be evaluated by the end user. Communities need to consider their whole asset base (workforce, transportation, existing businesses, etc.) to determine what types of companies best fit their asset profile, and only then can an effective real estate strategy be identified.

B. Key Strategies for Supporting Development of Prepared Real Estate

- 1. Virginia should increase revenue sharing among localities and encourage the joint development of infrastructure, sites, and the sharing of resulting increased revenues across political boundaries by removing state statutory barriers.**
 - 1.1. Particularly important for development of “mega sites” which require significant infrastructure capacity to support the attraction of advanced manufacturing facilities.
 - 1.2. Fund the Major Employment and Investment (MEI) program to provide matching funds for strategic properties.
 - 1.3. Foster economic problem-solving across political boundaries by encouraging the restoration of funding to the Regional Competitiveness Program.
- 2. For strategically selected site development, Virginia should develop a proactive policy and action plan to support localities that run into regulatory barriers during site and building development.**
 - 2.1. Develop a process to identify strategic properties that are aligned with regional or local economic development strategies, and proactively engage federal partners to ensure any regulatory barriers to development are identified early and resolved.
- 3. Establish a “Ready Sites & Buildings” Certification Program that provides technical assistance, for rural localities that are interested in executing a real estate strategy that aligns with and enhances their economic development goals.**
 - 3.1. Aligns with strategic target sectors of the Commonwealth.
 - 3.2. Identifies and creates the framework for Certification criteria against which sites and buildings will be measured.
 - 3.3. Provides market visibility for certified properties and localities.
- 4. Identify barriers (or assets) at regional, state or national level to creating fully prepared sites and develop strategies and programs to mitigate these barriers or leverage the assets.**
 - 4.1. Evaluate infrastructure components that impact development, such as capacity/location of natural gas and broadband services.
 - 4.2. Identify and evaluate state assets such as the ports, or research centers, which can add value to strategically located and developed real estate.

Recommendation #4: Support increased availability of adequate water/wastewater systems

Water and sewer infrastructure is another important component of a quality living environment, especially in rural communities. While substantial gains have been made, many rural areas in Virginia still lack adequate delivery systems for water and wastewater services. Improvements to inadequate community and regional systems may present additional options for community and economic development. Infrastructure enhancements also have a direct impact on the public health, education, and business development.

Access to safe, reliable drinking water continues to be a critical need in many rural parts of Virginia. Due to the limited number of customers, small public water systems are not able to generate enough revenue to pay additional technical staff, make infrastructure improvements, pay debts, or even meet national drinking water standards. Unlike municipalities with general taxation authority, many of the small water systems in rural Virginia can only raise revenue through user and connection fees. Often there have not been rate increases to provide sufficient revenue to properly manage and maintain these systems, resulting infrastructure which is inadequate and failing. Additionally, challenges posed by the geography and terrain often prohibit the installation of conventional wastewater systems, resulting in the need for alternative systems which are generally far more expensive and which carry their own set of maintenance issues. Also, small water systems in rural Virginia have fractured and uncoordinated delivery systems, which would benefit from greater consolidation.

Communities need to focus on engineering, design and cost effective solutions including regional and alternative technologies. Most funding sources focus on improving existing facilities and are tied to regulatory enforcement/compliance. While the Water Quality Improvement Fund (WQIF) provides funds to the Chesapeake Bay watershed communities, there remains a significant funding need to address water quality issues in the non-Chesapeake Bay regions in Virginia. One such initiative was the Southern Rivers Watershed Enhancement Program, which was aimed at establishing a funding mechanism to non-Chesapeake Bay watershed communities, to develop wastewater systems and eliminate the direct discharge of sewage and pollution into streams.

Much of the existing financing for small water systems is in the form of loan programs, making it difficult for communities to finance needed improvements or to expand services. Given the increasing cost of maintaining and expanding water systems, small water systems are dependent upon direct grant funds which are becoming scarcer each year.

A. Critical Items

1. Water and wastewater infrastructures are critical community components for enhanced: quality of life, public health/well being, economic development opportunities, business recruitment and retention, and job creation and private capital investment.

2. Wastewater infrastructure with capacity is an “expected” utility for business recruitment and economic development.
3. Lack of population density results in high cost in rural areas.
4. Existing systems are often not well capitalized and result in deferral of necessary system maintenance.
5. Current resources focus primarily on existing systems and environmental issues (i.e. Chesapeake Bay) leaving significant geographies without access to subsidy financing.
6. Impaired waters are a liability to promoting the economic use of the Commonwealth’s waterways for commercial and recreational uses.

B. Key Strategies for Water and Wastewater

1. State should incentivize efforts to consolidate and regionalize water/wastewater systems.

- 1.1. State should provided increased funding for planning and preliminary engineering of more cost effective alternative wastewater treatment models, including resolving issue of proper management and maintenance of alternative systems.
- 1.2. The Commonwealth should provide incentives to pursue more efficient regional approaches through existing programs. Water projects should be strategically developed in regions to support orderly economic growth and development similar to the state initiative that supported the Virginia Coalfields Water Study (VCRWS). This study conducted a regional needs assessment for rural communities and to address appropriate funding and implementation strategies for Virginia’s Coalfields region.
- 1.3. State should provide funding to address water quality issues in non-Chesapeake Bay communities that lack access to WQIF. This funding could be similar to the fund that were allocated for the Southern Rivers Watershed Enhancement Program (SRWEP). This initiative was designed to improve the water quality in the streams and groundwater of the “Southern Rivers” region of Virginia.

Recommendation #5: Support efforts to improve access to quality health care and the resulting improvements in health care outcomes

The next key recommendation from the Infrastructure Subcommittee is to assess and improve access to qualify health care systems and tools, in rural communities. This strategy encourages and facilitates communication between the private sector and various health care service providers, attempting to address, on a regional basis, problems of greater than local significance.

Cooperative efforts are intended to inform health care partners about the impact that its system has on the overall economic success of rural communities. Utilizing input from private sector partners, in today's quickly changing landscape of regulatory issues, will help community-based health care systems to identify resources and tools that enhance their ability to deliver services efficiently and effectively.

Assessment of rural health statistics on the population, as well as rural health care services, is becoming one of several key data points evaluated by businesses as they seek location to expand or locate. Because health and health system data is now more readily available, companies are able to gather and assess this data and evaluate it as part of their site selection process, long before localities and states are aware they are being evaluated.

Health plays a critical role in sustaining and developing strong rural communities. Rural health is a necessary component of community health and economic development, in that the availability of a healthy workforce is critical in attracting employers. In addition, health service providers (hospitals, community health centers, nursing facilities, pharmacies, home care agencies and others) are oftentimes the major employers in many rural communities. The related expenditures generated by these providers have significant direct and indirect community impacts (i.e., economic multiplier effects). There is a need to clearly articulate the relationships between health, health services and the economic well-being of rural communities. Additionally, there is an undeniable connection between employment (a key social determinant of health) and improved health status. Presently, the linkages between organizations and individuals interested in health, and those interested in economic development, are underdeveloped. Greater understanding and communication between these groups need to be fostered.

The 2008 Virginia Rural Health Plan <http://www.va-srhp.org/docs/va-rhp-final.pdf> outlines priorities; as of the writing of this report, the Virginia Department of Health's Division of Primary Care and Rural Health is in the process of updating the VA-RHP and it is therefore recommended that the Rural Jobs Commission engage with this division to understand and build upon revisions to its 2008 recommendations, which included four areas of rural health: performance and quality improvement, access, data/rural definitions and health care workforce. Some areas that contribute to rural health that were only minimally touched on in the 2008 plan included: Long-term care/aging, Health Information technology, Rural health funding, Education, Transportation and Economic development. In addition, the Virginia Chamber of Commerce identified Health Care as a primary focus area for its members. The VCOC is currently engaged in an 8-month process to develop a Blueprint for Economic Development for Virginia, and in this process, the topic of Health Care has been raised as a priority issue area.

A. Critical Items

1. There is a relatively high primary care doctor/patient ratio in rural Virginia as compared to the population as a whole. Recruitment and retention of health care professionals is a challenge.
2. Rural Virginia dominates in the defined shortage areas of mental health, primary care, and dental health professionals.

3. Transportation is a barrier to rural health care services; rural residents have greater transportation difficulties reaching health care providers, often travelling great distances to reach a doctor or hospital.
4. The physical technology infrastructure to support telemedicine is not well-deployed in rural Virginia.
5. Changing business models for health care services will significantly impact rural Virginia.

B. Key Strategies for Improving Rural Health Outcomes

1. Virginia should foster collaboration across and within various levels of government, communities, non-profit organizations and the private sector

- 1.1 Ensure engagement between the Division of Primary Care and Rural Health and the Virginia Chamber of Commerce's Health Care Committee
- 1.2 Support the Virginia Center for Health Innovation as a technology resource
- 1.3 Ensure that Virginia's rural hospital networks have access to and are a voice at the table in policy discussions
- 1.4 Support the update to the 2008 Virginia Rural Health Plan and incorporate new partners such as the Virginia Chamber
- 1.5 Use the VDH OMHPHP —high priority target areas analyses to help guide priority areas for intervention.
- 1.6 Increase funding and administrative support for VDH OMHPHP incentive programs and recruitment and retention efforts geared toward bringing more practitioners to Virginia's rural and medically underserved areas.

2. Virginia should identify communities with the greatest unmet health care needs, disparities, and health workforce shortages and identify strategies to pilot solutions

- 2.1 Identify key barriers to access to quality health care.
- 2.2 Identify and support telehealth systems that deliver quality care to rural areas of the Commonwealth
- 2.3 Develop pilot projects that focus on integration of quality systems of care.

2.4 Identify and share models of care and best practices from other rural areas around the nation.

3. Focus on workforce development for the health care industry

3.1. More aggressively engage the Virginia Community College System.

3.1.1. Explore health care workforce training models and alternatives for rural areas.

3.1.2. Research and support dual certificate programs as an approach to the sustainability of the health care workforce in rural communities.

3.1.3. Support and fund initiatives to provide full-time health care career coaches modeled after the successful Patrick County Education Foundation program.

3.2. Increase communications between the various health professions training programs.

3.3. Provide retention incentives to providers to locate in, or remain in, rural communities.

3.3.1. Develop and administer scholarship and loan repayment programs.

Recommendation #6: Leverage Virginia’s transportation network to more effectively benefit Virginia’s rural communities.

Depending on the direction of travel, Virginia has been called the “gateway to the South” and the “gateway to the North.” It is both. And even more impressive, it is the gateway to consumers across the nation and around the globe.

The state’s central location on the East Coast is within a one day (10-hour) drive of 42% of the U.S. population. As the nation’s third largest state-maintained transportation network, Virginia’s highway system includes more than 70,000 miles of primary and secondary roads and six major north-south and east-west interstate routes. Our state is within easy reach of the nation’s leading industrial and distribution centers.

Fourteen commercial airports serve Virginia—nine of them are located in Virginia, including two of the nation’s largest—Washington Dulles International and Ronald Reagan Washington National. The commercial airports are supplemented by 57 general aviation airports licensed for public use. Many of these airports offer various services, including aircraft charter and rental and major airframe maintenance and many are located in rural Virginia.

Two of the nation's largest railroads operate in Virginia. CSX Corporation and Norfolk Southern Corporation. Fourteen railroads operate on more than 3,500 miles of railway in Virginia, of which 3,147 miles are Class I—one of the strongest rail networks in the nation. Norfolk Southern Corporation's Heartland Corridor project was completed in September 2010; the \$290 million double-stack rail project increases the efficiency of intermodal rail service between the Port of Virginia and Midwest markets. Cargo can now be transported via double-stack rail with next morning service to Columbus and second morning service to Chicago, and existing rail lines can handle increasing container volumes.

Norfolk Southern's Crescent Corridor Project will make improvements to the existing 2,500-mile rail network enabling it to handle more freight traffic. The Crescent Corridor traverses 13 states from Louisiana to New Jersey and touches 26 percent of the nation's population and 30 percent of the nation's manufacturing output. This \$2.5 billion project is expected to be fully operational in 2020.

The Virginia Port Authority (VPA) is the Commonwealth's leading agency for international transportation and maritime commerce and manages Virginia's five general cargo terminals: Norfolk International Terminals, APM Terminals Virginia in Portsmouth, the Newport News Marine Terminal, the Virginia Inland Port in Front Royal and the Port of Richmond.

The Port of Virginia is one of the three busiest container ports on the U.S. East Coast and a leading gateway for the entire U.S. market. The Port boasts the single best infrastructure on the East Coast with a 50-foot ice free channel, no overhead obstructions, on-dock rail service (two Tier 1 railroads) and easy access to ocean lanes. Home to the largest, most efficient cranes in the world, The Port of Virginia is the only marine terminal capable of handling the ships of tomorrow. The Port links directly to 80+ foreign ports and reaches 200+ countries, boasting 22-day transit to Asia. VPA owns and operates the Virginia Inland Port in Front Royal; and the Port of Richmond, located in the Capitol City.

Working in tandem with the Virginia Port Authority is a vast network of maritime companies, railroads, trucking firms and related businesses. More than 50 freight forwarders and customs brokers as well as dozens of shipping agents and warehouse companies are located in the region.

Six Port of Entry facilities and one Service Port facility also serve Virginia businesses: Front Royal, Newport News, New River Valley Airport in Dublin, Norfolk (Service Port), Richmond-Petersburg, Tri-Cities near Bristol in Northeastern Tennessee and Washington-Dulles in Northern Virginia. Three of these are located in Virginia's rural communities (Front Royal, New River Valley, and Tri-Cities).

Virginia is also home to NASA Wallops Space Flight Facility which was established in 1945 as a center for aeronautic research. The facility is located in Accomack County on Virginia's Eastern Shore, and is a jewel in rural Virginia's footprint. The facility has two commercial launch pads and will play a significant role as an asset for continued space exploration in addition to research & development.

A. Critical Items

1. Communication: Virginia's key transportation assets that connect it to the global market are not fully linked into the economic development strategies of rural communities, due to the assets' locations in Hampton Roads and Northern Virginia.
2. Market demands: Strategic business sector targets for rural Virginia may require significant upgrades to or extension of highway, rail, or airport infrastructure.
3. Funding: Costs of transportation infrastructure improvements can be prohibitive in rural areas.
4. Safety: An aging highway infrastructure. 11,494 bridges and culverts will soon reach or exceed their 50 year design life. Approximately 20 percent of Virginia's interstate lane miles, 22 percent of primary lane miles and 36 percent of secondary road pavements are considered to be in poor condition. 25 percent of Virginia's bridges are considered structurally deficient or functionally obsolete.

B. Key Strategies for Leveraging Virginia's Transportation Network

- 1. Virginia should invest in transportation assets in rural areas, which are aligned with regional economic development strategies.**
 - 1.1. Provide a dedicated source of funding for the Transportation Partnership Opportunity Fund.
 - 1.2. Continue funding Virginia's traditional transportation programs for economic development.
 - 1.3. Support investments in rail and road improvements in rural communities that support the real estate strategies targeted at key sectors.
 - 1.4. Identify impediments to current financial programs that localities can access for transportation infrastructure improvements (such as the economic access road program) and recommend program modifications to increase access to funds.
 - 1.5. Support strategy development for communities along the Route 460 corridor to best position themselves to take advantage of the improved corridor.
 - 1.6. Support investment in the Wallops Island asset, which can become a statewide asset for the space and UAS clusters that can have broad impact across the Commonwealth.

2. Virginia’s transportation infrastructure should meet all safety requirements for use.

- 2.1 Clearly communicate to localities and regions in rural areas, the status of physical transportation infrastructure and the planned timing for improvements.
- 2.2 Ensure that alternative routes for potential transportation artery weaknesses are identified and communicated to local and regional rural leadership as well as private-sector companies for which the transportation arteries are a critical path in their operations.

3. Virginia’s key assets should be fully leveraged by rural communities.

- 3.1 Establish a communications strategy to inform rural leaders of the capabilities of the Virginia Ports, Wallops Island, and Virginia’s global air gateways so that rural regions can identify business development strategies to leverage these assets.

Recommendation #7: Completely Integrate Agriculture and Forestry Industries into Local and Regional Planning

Agriculture and forestry are the two largest industries in Virginia, accounting for almost \$79 billion in combined economic impact and providing approximately 500,000 jobs in the Commonwealth. Every job created in agriculture and forestry related industry results in another 1.5 jobs in the Virginia economy. Every dollar generated in value-added results in another \$1.75 value-added in the Virginia economy. With over three-quarters of Virginia land area consisting of forest, cropland, or pasture and range, agriculture and forestry are integral components of Virginia’s economic integrity.

Agriculture and forestry operations are primarily located in rural communities, meaning that rural Virginia is in a natural position of strength to take advantage of Virginia’s two largest industries. Despite Virginia’s obvious strengths in these industries, economic development plans often take these industries for granted, either ignoring further opportunities for growth or, even worse, taking steps that ultimately do harm to their future prospects. Communities that capitalize on their inherent advantages in economic development by implementing policies that protect and advance these industries, while also seeking new avenues for growth will see the greatest success in bringing economic prosperity to their residents.

Agriculture and forestry are heavily dependent on land and its resources, making them especially vulnerable to land use decisions at the local level. Accounting for these uses throughout the planning process and maintaining flexibility in the application of local rules create a local infrastructure supportive of agriculture and forestry. Quite often, as efforts to encourage economic development occur, land is taken out of agricultural or forestal production and being turned to some other use. While in and of itself, such conversion is not always “bad,” rural communities must include consideration of agriculture and forestry when making land use

decisions so as to not unconsciously push already present economic production out of the locality in the hope of attracting something else. Once converted, farm and forest land is almost never returned to production, further limiting future potential for the locality in those particular industries. A well-conceived plan that accounts for agriculture and forestry production while also creating opportunities for new industries will give rural communities the greatest chance at success.

Local planning must also recognize the changing needs of agriculture and forestry and provide flexibility in its rules in order to accommodate unique aspects of the sector. Such things as the seasonality of production where there is intense use followed by long periods of infrequent activity require a planning approach that is more customized than cookie-cutter in order to allow an opportunity for success. The consumer community's desire to interact to a greater degree with the agricultural sector presents a new economic opportunity that is not without its challenges with regard to access and land use determinations. Localities will need to have processes in place to properly balance providing new commercial benefits to producers while at the same time safeguarding community safety and welfare. Modern agriculture and forestry is more than just production, and localities that stand to benefit the most from growth in these sectors are those that account for it in their planning processes.

A. Critical Items

1. Identifying key components of the agriculture and forestry industries already present in the community.
2. Incorporating members of the agriculture and forestry community into discussions surrounding planning and economic development.
3. Taking an expansive view of agriculture and forestry, recognizing the changing nature of the industries and the extent to which they go beyond strictly production.
4. For many localities, basic organizational structures and planning documents to support these industries are non-existent, meaning that it will take time and effort to implement these foundational elements for future progress.
5. Agriculture and forestry play an important and stabilizing role in the local economy, contribute to local quality of life, and help keep taxes low.
6. There is strong competition for farmland to be used for other uses, and ensuring that this land remains available for agriculture into the future is imperative and difficult.

B. Key Strategies for Local and Regional Planning and Economic Development

1. Virginia must incorporate agriculture and forestry into economic development strategic plans and programs

- 1.1. Local and regional planning and economic development organizations should include agriculture and forestry interests on their boards, and establish a

separate advisory committee to represent and engage this sector of the economy.

- 1.2. The commonwealth should encourage and provide technical assistance to local agriculture and forestry development boards and committees.
- 1.3. Conduct an assessment of the locality or region to understand the extent and nature of agriculture and forestry in the area, demonstrating the economic value present and available to the community.
- 1.4. Maintain existing or offer tax incentives for land or equipment used for agriculture or forestry.
- 1.5. Support the purchase, manufacture, production and distribution of agricultural and forestry products at a local, state and international level.
- 1.6. The commonwealth should continue funding staff and financial support for agriculture and forestry economic development efforts, such as the Governor's Agricultural and Forestry Industries Development Fund.
- 1.7. The commonwealth should continue funding programs that promote Virginia agricultural and forestry products and encourage agritourism.

2. Virginia should support maintaining agricultural operations and an adequate supply of well-managed working lands.

- 2.1. Localities should evaluate land use zoning laws and other ordinances to ensure they support, and do not unduly restrict agriculture and forestry enterprises.
- 2.2. Localities should examine implementing streamlined approvals and permits for agritourism and value-added processing – taking into account compatibility with agricultural uses, limited impacts on community, seasonality and intermittent operations.
- 2.3. Virginia localities should incorporate working farm and forest land as a desired land use into their comprehensive land use plans.
- 2.4. Virginia localities should examine and enact a range of perpetual and shorter-term land preservation tools and techniques to keep working lands available for future generations.
- 2.5. The commonwealth should continue to provide technical assistance and funding to encourage and support those localities that are working to retain farm and forest land for the future.

- 2.6. The commonwealth should continue supporting efforts to ensure the transition of farmland and farm business from retiring farmers to interested farmers, and to bring together farm owners with interested farm seekers. The commonwealth should continue to support agricultural and vocational education programs in secondary education programs.

Recommendation #8: Support efforts to Increase Access to Capital in Rural Areas

In many of Virginia's rural communities, the economic engine that once thrived is no longer viable. Many of these communities were driven by textiles, manufacturing, coal, rail, and other forces that no longer sustain them. Many of these localities face severe economic distress as they have fallen behind the rapid pace of economic change prevailing in much of the state. Rural areas often have both the greatest need and the least ability to address their condition. To succeed, rural communities must be positioned to access opportunities in current markets by developing local and regional economic development strategies that focus and guide both local and state investment.

As times have changed, it is no longer a viable economic strategy to simply pursue the large industrial employer; instead, a diversified job creation strategy is needed. Strategies must be identified for communities to create access to capital and training for small business owners to invigorate the area. Strategies should support these efforts both through technical assistance to the localities and the organizations that provide funding and implement entrepreneurial assistance. Improving access to capital for communities, entrepreneurs and businesses must be a vital part of a comprehensive economic development strategy for rural regions.

Additionally, rural municipalities must have reliable access to capital to help optimize economic development opportunities and improve the overall quality of life of local communities. Together, these components will in turn attract new businesses to rural areas and create viable, competitive, communities. This process of economic restructuring helps identify new economic engines, the future economic drivers for a community, and often, entrepreneurship and small business development are vital to this new framework.

To help address some of these financing issues in rural and distressed regions, the Commonwealth created the Virginia Community Capital, Inc (VCC). Virginia Community Capital is a multi-million dollar non-profit, community development financial institution that provides innovative loan and investment solutions for affordable housing and economic development projects throughout Virginia. VCC is a unique banking structure that provides loan capital that is broader than bank lending to projects that have a positive community impact in low- to moderate-income communities in underserved geographies and markets. VCC provides great partnership opportunities for the Commonwealth and has played a key role in the implementation of new economic development programs, providing underwriting services, developing financial packages, and loan servicing.

A. Critical Items

Entrepreneurship and Business Development

1. Access to capital is a significant issue in rural areas.
2. Support for small business and entrepreneurship varies by region and organizational infrastructure is not consistent across rural communities
3. Banking structure/regulations make it more difficult for financial institutions to finance small rural businesses

Water and Wastewater

4. Water and wastewater infrastructures are critical community components for enhanced: quality of life, public health/well being, economic development opportunities, business recruitment and retention, and job creation and private capital investment.
5. The primary source of funding comes from Federal government and is structured as subsidy loans, very few grant opportunities. Additionally, most sources focus on improving existing facilities and are tied to regulatory enforcement/compliance.
6. Non-Chesapeake Bay communities lack access to Water Quality Improvement Fund (WQIF) and as such are at a financial disadvantage.

Broadband

7. Local financial support may be necessary as single source of financing is not likely. This then requires significant leveraging and potentially phasing of development.
8. Should pair outcomes with funders and align potential benefit with funders' priorities, such as; (a) health care / telemedicine, home-based health care, monitoring; (b) education / distance learning, access to learning resources, parental involvement; (c) public safety/emergency response, homeland security, and (d) economic development / job creation, entrepreneurship, back-office operation, tele-work.

B. Key Strategies for Financing and Increasing Access to Capital in Rural Areas

1. Entrepreneurship and Business Development

- 1.1. Virginia should work to identify methods to provide financing and increase access to capital for developing and expanding entrepreneurial networks and business development.
- 1.2. Funding strategies should be a part of a broader, more coherent regional approach that facilitates both financing assistance and technical assistance.

- 1.3. This rural financing effort should promote a regional approach that includes; “value added” agribusinesses, small farm initiatives and other commercial development.

2. Water and Wastewater

- 2.1. State should provided increased funding for planning and preliminary engineering of more cost effective alternative wastewater treatment models, including resolving issue of proper management and maintenance of alternative systems.
- 2.2. State should identify funding sources and incentivize efforts to pursue more efficient regional approaches to consolidate water and wastewater systems. This strategic investment in regional projects should facilitate orderly economic development similar to the Virginia Coalfields Water Study (VCRWS). This study conducted a regional needs assessment for rural communities and to address appropriate funding and implementation strategies for Virginia’s Coalfields region
- 2.3. State should provide funding to address water quality issues in non-Chesapeake Bay communities that lack access to WQIF. This funding could be similar to the funds that were allocated for the Southern Rivers Watershed Enhancement Program (SRWEP). This initiative was designed to improve the water quality in the streams and groundwater of the “Southern Rivers” region of Virginia.

3. Broadband

- 3.1. Commonwealth should invest strategically in rural broadband planning initiatives that include efforts to assess community needs, aggregate demand, identify local assets for leveraging, map existing telecomm infrastructure, and develop plans to deliver broadband services.
- 3.2. Virginia should coordinate and support efforts between the public and private sectors to identify and deploy feasible “last-mile” technologies to deliver telecommunications from the broad backbone to homes and business in rural communities.

Next Steps:

The Infrastructure Subcommittee will continue to review and refine the recommendations to be included in the Final Report and Presentation to Governor McDonnell in June 2013.

Workforce and K12 Subcommittee Interim Report

Subcommittee Activity:

Presentations:

The Workforce and K-12 Subcommittee of the Governor's Rural Jobs Council met from 10 am to 12 pm on Monday, March 18, 2013 at the Southside Electric Cooperative Headquarters in Crewe, VA.

Presenters at this meeting included: Kim McKay - Research and Policy Analyst, Council for Virginia's Future, and Jay Poole - Principal, Hirschler Fleisher Consulting. The purpose of Ms. McKay's presentation was to provide performance data for rural regions excerpted from Virginia's Workforce Report Card which is a collaborative project of the Governor's Office, nine state agencies charged with accountability for federal and state funded career and technical education and workforce development programs, and the Council for Virginia's Future. The report card provides data by state and region against indicators of workforce readiness - from secondary and postsecondary education credential attainment to secondary and postsecondary enrollment in STEM-H training and education to College and Career Readiness as evidenced through indicators such as attainment of the Career Readiness Certificate (CRC) or Workforce Readiness Certificate, to capacity, practices, outputs and outcomes of manufacturing training and education. While data presented for each performance outcome category, except dual-enrollment, reflected output and outcomes of each of the nine agencies participating in the report card, dual-enrollment data in the report card was for community colleges only.

With that in mind, some of the members requested data on all dual-enrollment, including that provided by universities and through regional higher education centers. That supplemental data is now available on line to members of the Subcommittee.

A copy of the presentation provided to the Council is available at <http://www.governor.virginia.gov/RuralJobsCouncil/docs/03182013GovernorRuralJobsCouncilPresentation.pdf>, and the complete Virginia Workforce Report Card is available on the Virginia Performs Website at <http://www.vaperforms.virginia.gov>.

A second presentation was provided by Jay Poole, Principal, Hirschler Fleisher Consulting and Jennifer Gentry, Vice Chancellor Institutional Advancement, Virginia Community Colleges on the Rural Horseshoe Initiative, a new partnership of the Virginia Community Colleges, Virginia Foundation for Community College Education, and Patrick County Education Foundation. This presentation focused on the need to improve both secondary and postsecondary education credential attainment as an essential first step to improving rural economies. Currently, 1 in 4 adults living in the Rural Horseshoe lacks a high school diploma or equivalent. Information was presented as to the high cost of failure to attain a high school equivalency in lifetime earnings, increased cost of Medicaid and Medicare, and increased incarceration rates. Additional information was also provided on postsecondary education attainment rates in rural regions. If rural VA were its own state, it would rank 50th, tying with Arkansas for last place, in postsecondary education credential attainment. The Rural Horseshoe Initiative proposes a three pronged approach to closing the gap between urban and rural VA in high school graduation rates and doubling postsecondary education credential attainment by rural populations in the next 10

years. This approach consists of reforms and expansion of the career coach program, college scholarships for new GED recipients, and support for Great Expectations, providing foster youth a pathway to postsecondary education and careers.

A request was made from the Subcommittee for data on the impact and performance of career coaches to date to be provided prior to the next Subcommittee meeting. This data is now available on line to Subcommittee members. A copy of the Rural Horseshoe Initiative presentation is available at http://prezi.com/oaxso079kgpe/the-rural-horseshoe-initiative/?auth_key=9068f97cc25613da281bd924691a7cf7f30bc1eb.

Discussions:

Expanding the Pipeline of STEM-H Students and Faculty

From its initial short meeting on February 13th, the Subcommittee has focused on increasing education and training credentials—from high school diplomas to STEM-H baccalaureate and graduate degrees, and industry-recognized credentials. The need to significantly expand the number and rigor of STEM-H secondary education course offerings and to increase student participation in STEM-H programs - from middle school career exploration camps to college degree programs - has emerged as a primary focus. Dual enrollment and concurrent enrollment have been identified as key to providing more advanced math, science, engineering, technology, and health courses, including career and technical education aligned with the needs of advanced manufacturing and agribusiness.

Barriers to expanding dual-enrollment have been presented at both meetings of the Workforce and K-12 Subcommittee with an emphasis on the critical need in rural regions to increase the pool of college faculty and high school teachers credentialed to teach STEM-H dual-enrollment courses. Emphasis has been placed by Subcommittee members on potential solutions to growing an adequate pool of credentialed instructors to supplement and support high school STEM-H course offerings. Proposed solutions include: sharing of instructors between school divisions, sharing of instructors between school divisions and colleges, and creating incentives and support for secondary teachers to complete university course work or certifications that would enable them to be credentialed by colleges to teach college credit courses. Additional barriers cited by Subcommittee members to expanding dual-enrollment opportunities to high school youth include inconsistencies between colleges and school divisions in student enrollment policies and tuition costs to school divisions or students and families.

In addition to tackling the problem of increasing faculty availability to support dual-enrollment in STEM-H fields, the need to address from a regional perspective equipment for career and technical education course offerings supporting industries such as advanced manufacturing has been broached by the Subcommittee with regional support for mobile learning labs and “proxy” technologies such as modeling and simulation software as alternatives to equipment acquisitions by individual school divisions. Establishment of rural trust funds to aid in meeting other unfunded needs has also been cited.

Increasing Workforce and Career Planning and Readiness in the Emerging Workforce

In addition to expanding the pipeline of STEM-H students in postsecondary education through expansion of opportunities and interest in rigorous, industry aligned dual-enrollment STEM-H

high school classes, the Workforce Subcommittee has shown a sustained interest in increasing demonstrated work readiness among high school students and graduates and adults. The primacy of the National Career Readiness Certificate (NCRC) as a demonstration of work readiness has been touted by multiple members with robust discussion as to the potential of a “hand off” from the Virginia Department of Education’s Work Readiness Skills curriculum and assessment, designed specifically for high school audiences, to the NCRC which is more commonly, although not exclusively, targeted in VA to adult populations including participants in adult education, One Stops, vocational rehabilitation programs, and workforce applicants and incumbent workers. There has also been some discussion about the value of the NCRC for high school students who do not have much work experience and using these assessments as a primary measure of high school students work readiness.

In addition to promoting credentialing of workforce readiness in high school populations, the Subcommittee has addressed the importance of academic and career plans for middle and high school students, expressing support for online and standardized academic and career plans that address college preparatory coursework, but also career and technical program completion, industry certifications and work and career readiness assessments. Career coaches have been cited as another solution to the need to better guide the majority of high school students who may not go on, immediately after high school, to pursue a baccalaureate degree, and as a support to school divisions seeking to expand college and career planning services. The Subcommittee, in its first meeting, also expressed consensus for the importance of better educating parents and the general public about career opportunities in technician level jobs, including those requiring certifications.

Additional Suggestions:

Throughout the work of the Subcommittee, members have been invited to submit additional written suggestions. To date, these additional suggestions have included: (1) a call to the Subcommittee to take a “deeper dive” into three critical topics that support expansion of a STEM-H workforce. These are the need to differentiate between work readiness, industry readiness, and college readiness and to create a final report with recommendations for each; the importance of academic and career plans and the need for the state to ensure that an appropriate, online planning template, one that references work readiness, industry readiness, and college preparation, is uniformly accessible and utilized by school divisions; and support for career coaches and the need to improve the outcomes of coaches through professional development and coach certification; (2) a summary of the challenges faced by rural regions of ensuring a workforce in agribusiness. Cited was the need to better inform students, parents, and higher education institutions of the need for high school level agriculture courses and co-curricular activities such as Future Farmers of America, the need to expand dual-enrollment opportunities in the agribusiness discipline so as to increase the rigor and relevance of these career and technical education courses to students with a desire to pursue postsecondary education, and the critical need for universities to reach out to underserved and minority populations so as to boost student participation in agribusiness programs; and (3) a call to ensure that academic and career planning processes, and career coaches, are informed about and provide information about vocational opportunities and workforce requirements of Virginia’s National Guard since service in the National Guard provides knowledge and skills similar to those required for civilian jobs and thus needs to be considered in work readiness efforts.

Stakeholders:

To date, the Subcommittee has focused primarily on secondary students in its work. Members of the public have suggested to Subcommittee staff that a recommendation related to the adult workforce would be desirable in the final report. To date, the only suggested strategy targeted to adult populations that has been recommended to Subcommittee is the Rural Horseshoe Initiative's call to provide community college scholarships to adults who attain a GED.

Goals and Objectives:

The Workforce and K-12 Subcommittee is specifically charged to recommend strategies to improve K-12 education and the workforce pipeline. To that effect, the Subcommittee, to date, has focused on two overarching goals: (1) to improve the work, industry, and college readiness of middle and high school students; and (2) to expand the enrollment of middle and high school students in industry aligned, rigorous STEM-H programs and courses, including career and technical education.

Broad strategies to address those goals include the following:

- Increasing available pool of faculty and teachers credentialed to teach STEM-H dual-enrollment courses offered by two and four year institutions
- Increasing uniformity of policies regarding student enrollment and costs to school divisions and students of college credit bearing courses in high school settings
- Decreasing costs to school divisions of equipment and instruction for career and technical courses in targeted industry clusters
- Promoting the National Career Readiness Certificate attainment as a primary demonstration of work readiness
- Deploying trained and certified career coaches to increase number of "middle majority" students who are informed, interested, and prepared for continued education or workforce training in targeted industry sectors
- Ensuring secondary school students develop academic and career plans that are part of an accessible online system that address readiness for work, industry, and college

Measurable objectives can be developed for each of these goals, but have not yet been addressed by the Subcommittee. In reviewing the progress of rural regions against indicators of work, industry and college readiness in Virginia's Workforce Report Card, the Subcommittee referenced the need to establish benchmarks for indicators such as postsecondary education credential attainment, STEM-H program enrollment, dual-enrollment,

Initial Ideas and Recommendations:

The initial ideas of the Subcommittee have already been cited. More specific policy and program recommendations that are emerging include:

- Creating incentives and policies to promote sharing within rural regions of STEM-H teachers within school divisions and between school divisions and colleges
- Creating incentives and policies to encourage high school teachers to complete graduate or undergraduate coursework or certifications that would qualify them to teach dual-enrollment courses for dual/concurrent enrollment providers

- Creating incentives and policies that would encourage school divisions within a region to share the use and costs of equipment and technologies to support STEM-H and career and technical education classes
- Creating a rural trust fund for rural school divisions
- Requiring that academic and career planning resources and documents are informed by an understanding of work, industry and college readiness and address each of those elements and are uniformly available with online in rural regions
- Expanding the career coach program and ensuring that coaches are trained to the needs of rural industries and economic development priorities and that coaches are certified to performance standards

Next Steps

The Workforce and K-12 Subcommittee needs to complete the following steps:

1. Determine if discussion/recommendations are needed to address the needs of the adult workforce, including incumbent workers
2. Discuss work ready vs. career ready vs. industry ready vs. college ready directly related to K-12 and workforce preparation
3. Identify effective collaborations involving K-12, workforce providers, and employers for consideration of best practices
4. Prioritize areas of concern
5. Consider background information and data provided by agencies to inform policy recommendations on expanding dual-enrollment; expanding the pipeline of STEM-H teachers and faculty, improving equipment and teaching technologies for STEM-H disciplines; ensuring academic and career plans are appropriate to desired goals for academic and career planning including work and industry readiness, as well as college preparation; and ensuring that career coaches produce desired outcomes in their work.
6. Prepare policy recommendations that are informed by reforms to date, available data, and stakeholder input.